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Pacific Gas and Electric Company

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March 19, 1999



Mr. Lester A. Snow
Executive Director
CALFED Bay-Delta Program
1416 Ninth Street, Suite 1155
Sacramento, California 95814

Dear Lester:

I appreciated the opportunity to meet with you last week to discuss the objectives of the CALFED Bay-Delta Program and Pacific Gas and Electric Company's plan to market value its hydroelectric generating assets.

At that meeting, you invited our comments on the proposed draft Integrated Storage Investigation, dated March 2, 1999. This letter provides the changes recommended to clarify the objectives of the proposed storage investigations.

1. Power Facilities Re-operation Evaluation, Page 4-5; we suggest deleting the statements regarding Pacific Gas and Electric Company's deregulation and appraisal process, and replacing with the following:

Re-operation Evaluation

Power Facilities: There is an extensive system of hydroelectric generation facilities and reservoirs in California.

CALFED will work cooperatively with Pacific Gas and Electric Company, irrigation districts, and others that operate hydroelectric facilities and reservoirs along with the responsible federal and state agencies, to identify potential opportunities to improve water management in California. Water management strategies will be identified to meet water supply needs, while balancing other beneficial uses of the water, including power generation, recreation, and preservation and enhancement of fish, wildlife and other aquatic resources.

Other Reservoirs: Consider adding a component to investigate re-operation of other reservoirs in California that can provide significantly more water storage capacity than power facilities.

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2. Fish Migration Barrier Removal Evaluation, Page 5; we suggest revising to clarify this section how removal of fish barriers relates to the water storage investigation.

Please let me know if you have any questions about these suggestions. Please contact Gary Freeman, of PG&E at 415/973-5320, for assistance with the Integrated Storage Investigation.

Sincerely,



Vice President and Project Manager
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